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File Appropriations
& Budget

MEMORANDUM FOR: Deputy Director for Administration

FROM : James H. McDonald
Director of Logistics

SUBJECT : FY 1978 Program Call, O/Compt "Mark"

REFERENCE : O/Compt Preliminary FY 1978 Budget Mark

1. The portions of the referent Office of the Comptroller (O/Compt) document affecting the Office of Logistics (OL) have been reviewed with respect to impact on the OL program for FY 1978 as well as both the FY 1977 operating budget and FY 1977 unfunded requirements. With regard to FY 1977, the slight funds cut in the operating program (\$40) should have no impact; additionally, unfunded requirements are stated accurately.

2. The OL nonpersonal services funds request for FY 1978 was unchanged for submitted resource packages and is obviously acceptable. [A Building Planning Staff (BPS) resource package and \$950 for personal and nonpersonal services was added and will be discussed below.]

3. With regard to FY 1978 OL manning levels, several of the O/Compt key issues impact significantly on OL in services required. Key issues include discussion of: ADP expansion, Project Safe, OL analysis of procedures/equipment for improving personnel productivity, contingency ordnance procurement, and a new Headquarters Building.

4. The OL Procurement Resource Package requested two additional positions in FY 1978 and noted a need for more procurement specialists to negotiate ADP and other technical equipment procurements. Additionally, the increasing requirements for compliance with formalized federal procurement regulations and procedures was noted. Elimination of these two requested positions will reduce OL's capability to support the significant volume of procurements of ADP and technical equipment envisioned in the O/Compt key issues.

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5. The new Headquarters Building key issue recommends a five-man Building Planning Staff in FY 1978 with four positions to be obtained from " . . . resources planned for mail and courier services and space management activities . . . (and) maintain near present level of support" In this key issue and elsewhere in the referent, it is recognized that:

a. the existing and continuing dispersal of facilities necessitates inefficient support;

b. the Community Headquarters Building (CHB) presents a new and noncontiguous services/support requirement; and

c. further immediate decentralization of space is contemplated [REDACTED] ground floor STATINTL and industrial building).

In sum, the key issue recognizes increased services requirements that are of necessity inefficient and recommends a cut in the Resource Package [Logistics Services Division (LSD)] providing these services. LSD required 5 man-years of overtime in FY 1976 in mail and courier alone and equally significant amounts of overtime in other components. Consolidation of Agency-wide courier units delivered fewer positions to OL than contemplated, and special courier run requirements have increased. Addition of the CHB and expansion of the NP holdings can only increase both courier and space management requirements and will require maximum efficiency improvement merely to maintain adequate service levels within existing manning levels. It should also be noted that LSD is still attempting to absorb the four-position cut resulting from the proposal to establish an executive motor pool but which, in fact, was never effected. OL can absorb a four-position cut in mail and courier and space management functions but only by providing fewer services, i.e., sharp curtailment of special courier runs, possible reduction of frequency of scheduled runs, and reliance on GSA or commercial building managers for routine maintenance calls in outlying buildings. We predict that such curtailment of services would be ill received by our customers throughout the Agency.

6. With respect to the BPS Resource Package, some of the referent concepts/considerations should be approached with caution:

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a. consideration of NPIC relocation to Langley should recognize the area federal personnel limitations and other restrictive caveats established by NCPC, the MWATA, HUD, and Fairfax County which would, unless waived, preclude this relocation;

b. before recruitment of a BPS begins, the intent (executive and legislative) to proceed with construction should be definitely established because of the already experienced difficulty in excessing or absorbing these specialized planning/engineering personnel;

c. parallel preliminary planning for NPIC facilities (mentioned as an NPIC Resource Package in referent) may unduly strain OL resources.

7. A final note of caution is expressed on the O/Compt concept (p. 25, Potential Solutions, Personnel Positions) of OL responsibility for a "... small team of engineers ... (to improve personnel productivity) with better machines, equipment, and techniques" It would appear that the type personnel contemplated are industrial engineering systems analysts/operations researchers, a discipline not found in OL and not believed to be utilized as such elsewhere in the Agency. Positions "... made available by all Directorates" need be unencumbered, and OL would be unable to use such personnel in another capacity after completion of this specific task. An OL recommended alternative would be utilization of an established consulting firm which not only could provide knowledgeable personnel but also would provide an objective view.

8. In summary, OL's only firm objection to the O/Compt "Mark" is the loss of four existing and two projected positions. If not restored, reduction of quantity, quality, or timeliness of service in these functional areas is inevitable.

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cc: [REDACTED]

PS/DDA

m [REDACTED]
James H. McDonald

I. Personnel Input Resource Package:
(Reduction of three positions and \$60,000)

The Comptroller has indicated that the conversion to single ceiling should see some reduction in contract activity and has concluded, as a result, that manpower economies are possible through organizational consolidation of the staff and contract functions. He recommends a ceiling cut of three positions and a dollar reduction of \$60,000.

We are extremely puzzled by the conclusion that the conversion to single ceiling would save as many as three man years and \$60,000. The single ceiling concept, when one views our Resource Packages, does not diminish other workload associated with Contract Personnel and Staff Personnel Divisions.

On consolidation, we ourselves have discussed its feasibility but concluded that consolidation would have to be carried out at the senior level; i.e., transferring Contract Personnel Division from the jurisdiction of the Deputy Director of Personnel for Special Programs to the Deputy Director of Personnel for Recruitment and Placement. We have been deterred from recommending this reorganization to the Deputy Director for Administration because the Divisions will soon be housed in separate buildings.

We suggest that the Deputy Director for Administration strongly oppose the recommended ceiling cut of three and a dollar reduction of \$60,000. At the working level, both the Contract Personnel Division and Staff Personnel Division are devoting all of their personnel resources to dissimilar activities; and the advent of single ceiling has not diminished workload. To the contrary, our workload, especially in the Staff Personnel Division area, is increasing because of attention given to minority hiring, counseling, affirmative action plans for the handicapped and other important personnel management programs.

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II. Internal Management Resource Package:
(\$50,000 reduction)

The requested increase of \$50,000 is required for the Office of Personnel's Development Complement. The Development Complement is used by the Office of Personnel and the MP Sub-Career Service in the classical sense; namely, as an important aspect of our career development program, for MP careerists in full-time external training, for new professional officer trainees while they are in a four- to six-month internal training program; it is also used for careerists on annual leave pending LWOP; and for careerists pending reassignment. Only one position and one A.E. are allocated for the Development Complement in OP's FY 1978 Program Request. This is a result of ceiling restraints and the fact that resources are not available for transfer from other resource packages.

If the \$50,000 reduction is effected, the Office of Personnel and the MP Career Sub-Group would lose the managerial flexibility in training and/or career development of its careerists; the opportunity to bring in "fresh blood"; and our ability to effectively assign careerists within the central Office of Personnel would be seriously impaired.

III. Personnel Operations Resource Package:
(Loss of One Requested Position Increase)

The additional position is needed because of the ever-increasing CIARDS "population." We should point out at this time that it is not just a matter of processing an individual out. Our responsibility for administering this program is identical to that of the Bureau of Retirement and Insurance for Civil Service retirees, and includes much correspondence from annuitants or survivors. Each letter may involve coordination with Cover and Commercial Staff and other Agency components before a reply can be dispatched.

The CIARDS annuitant population has been increasing by about 310 each year. The average age of CIARDS retirees was 51.8 in 1975. This means that most of them will be alive for at least 20 years. Many of these employees are males with wives. According to longevity tables, women generally out-live men for a number of years. Thus, the death of the employee does not end our work. We still administer the program for the survivors for some period of time.

Not only will our relatively young annuitant population increase, but also more work situations will result because of amendments pending for CIARDS.

First, a projection of the size of the population:

	<u>30 June 1976</u>	<u>30 Sept 1977</u>	
Annuitants	[REDACTED]		25X9
Surviving Spouses	122	143	
Surviving Children	144	160	

Regarding new amendments, the projected amendment concerning the 80 percent rule in disability cases will require retirees to report retirement income from salary or wages -- possibly resulting in termination of annuities and reactivation of these terminated annuities at a later date. In addition, there will be questions from annuitants on taxes and other matters which require reply. There are [REDACTED] retirees now, and our projected figure for

25X9

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The amendment concerning "second spouse" benefits is one in which many CIARDS annuitants are interested. There is a known "backlog" of cases that will come forward as soon as this legislation is on the books, and we can expect continuing activity in this area as spouses die or are divorced and new marriages take place.

In short, it is clear that we must increase the number of employees who service a program if the program keeps increasing. Such is the case here. If we are not able to increase the number of people who administer this program, the result will probably be delays in the initial processing for retirement and perhaps considerable delays in responding to correspondence, and delays could create a serious morale problem for our annuitant population.

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ATTACHMENT

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